

March 22, 2018

Exhibit 8

Wednesday – March 21, 2018

Senator Chas V. Vincent
Chair
Environmental Quality Council
Legislative Environmental Policy Office
State Capitol Building
1301 E. 6th Ave., Room 171
P.O. Box 201704

Re: Written public comment in preparation and response to the Environmental Quality Council agenda item for Thursday – January 22, 2018 pertaining to Fire Related Study topics schedule on the agenda.

Dear: Senator Chas V. Vincent, Chair and Members of the Environmental Quality Council (EQC)
Interim Committee

I am submitting written public comments regarding the agenda items that will be discussed at the EQC Interim Committee meeting scheduled for Thursday – January 22, 2018 on the Fire Related Study and the comparison of fire funding that is continue being discussed by the EQC.

I will not be able to attend the meeting as schedule for Thursday - January 22, 2018 but I have taken the time to review all the documents that were prepared regarding the fire study by the legislative staff for the meeting as scheduled for March 21, 2018.

I continue to have a key interest in the outcome of the EQC recommendations forth coming on the fire study and any proposed legislation for the 2019 Legislative session, that I ask that you please involve in the process input from the private landowners in the future pertaining to DNRC fire assessments, and the county cooperative program.

I again wish to submit as public record my concerns and written input.

1. I wish to express my appreciation and gratitude to the work that was completed by Leanne Kurtz, Research Analyst, Office of Research and Policy Analysis, in January of 2018 entitled a Summary of University of Idaho Report: State Funding for Wildfire Suppression in the western U.S., August 2017, along with all the documents that were prepared for the EQC meeting this week.
2. The work over the years of the Interim Fire Suppression Committee, fire suppression funding legislation, the recent decision by the special legislative session last fall to address the fire suppression funding for the state and the proposed legislation under House Bill 4 in the 2017 Special Session.
3. The EQC future direction for the respective study on the fire related study topics as it affect all private landowners and my family ranching operation located 25 miles Northwest of Helena, that has private classified forested acreage in which it has been paying for over 40 years to support the Department of Natural Resources and Conservation (DNRC), formerly the Department of State

Lands (DSL) regarding direct protection and affidavit protection for pre-suppression funding, along with the support of the State County Cooperative Program.

4. The family ranching operation not only supports the DNRC with the classified forested acreage, but is also assessed through property taxes, to support the Canyon Creek Rural Fire District operations since the early 1950's. This type of wildland fire protection is the best a private landowner can receive regarding wildland fire protection for both pre-suppression funding for DNRC, the response of the Canyon Creek Rural Fire District, along with the program benefits that local community and the private landowner benefits through the State County Cooperative Program in providing training for the volunteer firefighters, equipment and assistance for wildland fire suppression.
5. Private landowners stakeholder interest who are affected by the current fire protection assessment, along with assessments of the fire protection with DNRC, and a local rural fire district, fire service fee area or volunteer fire department, and those property owners in Eastern Montana in getting their perspective on what is working or not working, etc. to provide input to help any future legislation like that proposed under House Bill 4, from the EQC and the upcoming 2019 Legislative session.
6. The handout prepared entitled "Legislator's frequently asked questions about the fire protection assessment" is also very helpful to a private landowner/stakeholder.

I appreciate the opportunity to provide written public comment on the respective fire related study topics for the EQC meeting scheduled for March 22, 2018.

Sincerely

Richard E. Grady

(Electronic Signature)

Richard E. Grady

P.O Box 547

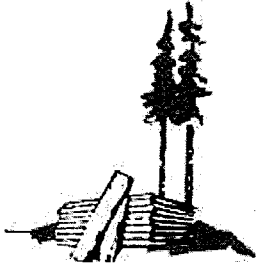
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Cc: Former Representative Edward J. Grady Jr.



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RE: Wildfire Prevention – Suppression Discussion – Fire Protection Assessment

Dear Mr. Chairman and Committee Members,

On behalf of F.H. Stoltze Land & Lumber Company, please accept the following comments and issues of concern regarding the “Fire-related study topics” agenda item for your March 22, 2018 meeting. Stoltze, as both a forest landowner and as a manager of public and private lands is keenly interested in this discussion topic. We currently pay the fire assessment on our timberlands and the majority of our lands are under DNRC fire suppression jurisdiction.



Member Since 1966

First, we want to reiterate what a great job DNRC does in pre suppression preparedness and initial attack of wildfires. We enjoy a very good working relationship with the DNRC and regularly cooperate in pre suppression and fuels treatment activities. These cooperative efforts are validated by the 90% + success rate for initial attack suppression of DNRC managed wildfire starts.

We certainly are affected by and understand the challenges imposed upon our state of the increasing frequency of large scale wildfire activity. In our opinion, the greatest defense we have in avoiding the negative impacts of these landscape scale fire events is better preparedness and continued aggressive initial attack. The best fire is the one that never starts or is caught while very small.

Stoltze has traditionally been very vocal in discussions regarding the fire preparedness assessment. We continue to be more than willing to participate in a fee based system that is fair and equitable, and have supported the program to date. We are becoming more concerned as this traditionally successful program is being looked at for a major overhaul that may include changes to traditional structure and to the roles funded by the program.



Charter Member

As you are aware, the program to date has focused on **Pre-suppression Preparedness** and has been funded from three distinct funding sources, Assessment, Federal Program Match and Montana General Fund funding sources. The program contains built in checks and balances in place to ensure the funding structure is fair to landowners, while adequately supporting a system that is successful in meeting the DNRC fire objectives.

Specifically, we are concerned that the historically strong line between Preparedness and Suppression costs seems to be becoming less distinct in the discussion. It is our opinion that the line between Preparedness and Suppression cost needs to remain strong and that mixing the two issues will make it nearly impossible to equitably apportion costs and responsibilities in a landowner based tax structure.

While we certainly recognize the financial burdens imposed by the suppression bills associated with the 2017 fire season upon the State budget, looking to the fire assessment as part of the solution would be a major departure from the traditional use of this taxing tool. Therefore, we urge extreme caution as we work down this path to ensure that any changes to the structure of the fire assessment and associated Agency budgets is developed in a fair and equitable manner that pairs the financial burden proportionately to the risk and costs.

I think it is fair to say that suppression costs associated with protection of residential or municipal properties are substantially higher than those allocated towards the protection of private timberland resources. Some empirical evidence shows that private timberlands are even considered expendable in light of protection of "higher value resources" in current large fire suppression tactics. Yet under the current program, that is preparedness based, the distinction between timberland and residential is not particularly great.

Certainly expanding the fire assessment program across the entire state will broaden the pool to bear the costs. However, by also increasing the scope of the program to extend beyond preparedness and to abandon the traditional three legged stool system for funding could greatly impact the fire assessment terms.

We must remain mindful that ownership of land in Montana for timberland (or for that matter, agricultural lands) uses is not a high margin proposition and that even what may be perceived as relatively minor increases in taxes can significantly affect the viability of the timberland management business model. The alternative of converting these timberlands into alternate uses, usually residential or recreational in nature, will only exacerbate the challenges of wildfire management into the future.

In closing, we encourage the committee to consider carefully the options presented in the discussion today. We remind the committee that timberland owners are more than willing to bear a fair share of the costs of wildfire preparedness, but that the costs must be equitably allocated and not so burdensome as to disincentivize forest management as a viable landowning objective.

We look forward to participating in the ongoing discussion and would be more than glad to discuss any particular proposals or evaluate potential impacts of changes to the system. We apologize that we cannot participate in person in this meeting and will strive to make future meetings. Please do not hesitate to contact me with any questions.

Sincerely,

A handwritten signature in black ink, appearing to read 'Paul R. McKenzie', with a long horizontal flourish extending to the right.

Paul R. McKenzie
Lands & Resource Manager